

Message Text

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PAGE 01 PEKING 01833 220508Z
ACTION EB-08

INFO OCT-01 EA-10 ISO-00 COME-00 DODE-00 NSAE-00
USIA-06 TRSE-00 ERDA-05 CIAE-00 /030 W
-----127592 220511Z /23

R 220435Z AUG 77
FM USLO PEKING
TO SECSTATE WASHDC 8516
INFO AMCONSUL HONG KONG
AMEMBASSY ROME
AMEMBASSY TOKYO

C O N F I D E N T I A L PEKING 1833

E.O. 11652: GDS
TAGS: EEWT, EQUIP, ESTC, CH, US, IT
SUBJECT: STATUS OF IBM AND NUOVO PIGNONE SALE

REF: (A) STATE 182817, (B) PEKING 1613

1. RYAN AND JOSEPH OF IBM, WHO HAVE BEEN IN PEKING
NEGOTIATING FOR THE SALE OF IBM COMPUTER EQUIPMENT
TO BE USED IN CONNNECTION WITH A NUOVO PIGNONE (ENI)
SALE OF CENTRIGUGAL COMPUTER TECHNOLOGY, HAVE TOLD
US THAT THEY ARE MAKING SLOW BUT STEDY PROGRESS
TOWARD CONCLUDING THE SALE. HOWEVER, THEY FEEL THAT
THEY ARE IN DIRECT COMPETITION WITH HITACHI WHICH
HAS ALREADY SUBMITTED A FORMAL PROPOSAL
TO PROVIDE MORE EQUIPMENT THAN THAT OFFERED BY
IBM AT A SIGNIFICANTLY LOWER PRICE. THEY CLAIM
THAT HITACHI HAS PROPOSED THE SALE OF SOME EQUIPMENT
WHICH IS NOT LIKELY TO BE APPROVED FOR EXPORT
UNDER PRESENT COCOM REGULATIONS. ALTHOUGH
THE IBM PACKAGE DOES NOT FULLY MEET THE
NUOVO PIGNONE SPECIFICATIONS (BECAUSE OF
COCOM RESTIRCTIONS), RYAN AND JOSEPH BELIEVE
THAT IBM HAS A GOOD CHANCE OF EVENTUALLY
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CONCLUDING THE CONTRACT BECAUSE OF WHAT THEY
SEE AS INTENSE PRC INTEREST IN ACQUIRING IBM
TECHNOLOGY. IF THE CONTRACT IS SIGNED, IT
WOULD BE THE FIRST IBM SALE TO THE PRC, NOT
COUNTING TWO DICTAPHONE MACHINES SOLD SOME
TIME AGO.

2. RYAN HAS TOLD US THAT GIVEN THE AMOUNT OF TIME AND CORPORATE EFFORT WHICH HAS GONE INTO THE CONTRACT NEGOTIATIONS, IBM HAS ALREADY LOST WHATEVER PROFIT MIGHT BE REALIZED IN THE SALE. NEVERTHELESS THEY INTEND TO PRESS ON FOR REASONS OF IBM'S "PRESTIGE."

3. BOTH MEN LEFT PEKING AUGUST 19 FOR THE US AND PLAN TO RETURN IN MID-SEPTEMBER TO RESUME NEGOTIATIONS.

WOODCOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, NEGOTIATIONS, COMPUTERS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PEKING01833
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770302-0242
Format: TEL
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770837/aaaabfcc.tel
Line Count: 75
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3967fa56-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 182817, 77 PEKING 1613
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1527312
Secure: OPEN
Status: NATIVE
Subject: STATUS OF IBM AND NUOVO PIGNONE SALE
TAGS: EEWT, EQIP, ESTC, CH, US, IT
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/3967fa56-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009